



CASSILTOUN HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

Registered Housing Association No. 84

FCA Registration No. 2190R(S)

Registered Charity No. SC 035544

BAKER TILLY UK AUDIT LLP
CHARTERED ACCOUNTANTS

CASSILTOUN HOUSING ASSOCIATION LIMITED

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CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2014.

Principal Activities

The principal activity of Cassiltoun Housing Association is the development, management and maintenance of housing for people in housing need.

The Association has two subsidiaries, Cassiltoun Trust and Cassiltoun Stables Nursery Limited. Cassiltoun Trust is a company established to conserve for the benefit of the public buildings of historical and architectural significance, advance knowledge about the history and role of Castlemilk; and provide facilities for education, training, employment and recreational time. The principal activity of Cassiltoun Stables Nursery is to provide a first class nursery childcare facility for 0-5 year olds set beside a local park and woodland environment.

Cassiltoun Housing Association is registered with the Financial Conduct Authority as a Friendly Association, The Office of the Scottish Charities Regulator (OSCR) as a Charity and the Scottish Housing Regulator as a Registered Social Landlord.

The table below shows the property we own:-

	2014	2013
Managed Property Numbers		
Tenanted Property	989	993
Shared Ownership Properties	5	5
Buchanan Lodge Residential Home	40	40
Total	1,034	1,038
Developing Property Numbers		
Tenanted Property	-	-

Financial Review

The year progressed well despite the significant economic and welfare reform challenges facing our sector. Our trading income was a fraction above what had been budgeted for and we remain confident about the future and being strong at the end of the recession. Turnover of £3,708k was £36k better than planned due to additional grant funding received and five properties were sold under the Right to Buy legislation.

Whilst our reactive maintenance costs have increased this year due to re-pricing and a greater number of repairs undertaken, the staffing and office overheads costs were just £36k over the £1,686k budget due to a voluntary redundancy in the year and higher bad debts. We expanded our wider role activities and provided grant funding to the Stables Nursery.

All desktop computers were renewed during the summer as they had passed their useful life and throughout the Stables building and Nursery a strengthened Wifi system was installed to allow guest access to tenants and visitors.

Development spending slowed down due to Buchanan Lodge being completed last year and one property conversion was undertaken to revert it back to the original two flats.

£353k of loans were redeemed in the year which included repayment of £40k in respect of a Right to Buy sale. This, together with a reduction in the LIBOR interest rate resulted in a decrease in borrowing and lower interest payments than last year, down from £331k to £311k.

CASSILTOUN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2014

BOARD OF MANAGEMENT

Teresa Sadler	Chair	Teresa McGowan
Anne M Stuart MBE	Vice Chair	Adam Milligan
Evelyn Ferguson	Secretary (from 19/08/13)	Jean White
George Kelly	Treasurer	Robert Brennan
		William Craig

EXECUTIVE OFFICERS

Charlie Millar	Chief Executive
Gamal Haddou	Director of Finance
Fiona McGowan	Director of Operations

REGISTERED OFFICE

Castlemilk Stables
59 Machrie Road
Castlemilk
Glasgow
G45 0AZ

AUDITORS

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

BANKERS

Bank Of Scotland
82 Main Street
Rutherglen
G73 2HZ

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

REGISTRATION PARTICULARS

Financial Conduct Authority

Industrial and Provident Societies Act 1965
Registered Number 2190 R (S)

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number 84

Office of the Scottish Charity Regulator

Charities and Trustee Investment (Scotland) Act 2005
Scottish Charity Number SC 035544

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Going Concern

The Board of Management has reviewed the results for this year and the projections for the next 5 years. The Board has a good expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting is adopted in preparing the financial statements.

Key financial information is as follows:

The financial results of Cassiltoun Housing Association are as follows: -

	<u>This Year</u>	<u>Last Year</u>
Staff Costs / Turnover	23.3%	22.0%
Management Administration Costs / Turnover	28.7%	28.4%
Reactive Maintenance / Turnover	13.8%	11.4%
Interest Payable / Turnover	8.4%	9.2%
Current Ratio (current assets / current liabilities)	5.1 times	4.6 times
Interest Cover	3.6 times	4.2 times
Asset cover (total assets less current liabilities / creditors > 1yr)	1.6 times	1.5 times
Net Debt per Housing Unit	£8,561	£8,883

Our Strategic Aims

Cassiltoun Housing Association has as its Strategic Aims:

- In order to ensure that our rents remain affordable, maintain a stock base sufficient to achieve economies of scale and deliver effective services in a cost efficient way.
- Maintain the high quality of our housing and service provision, ensuring the comfort of tenants and the protection of investment, (£50m to date).
- Maximise opportunities for community involvement in the regeneration process, promoting social inclusion and 'wider action'.
- Ensure that the work of the Association is supported by effective financial, administrative and personnel systems.
- Ensure that the Cassiltoun Group structure is adequately supported to deliver its goals.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Our Operational Objectives 2013/14

- Continue to deliver the KPI's set out in the Internal Management Plan and Operational Service Plan.
- To complete a full review of our Asset Management Plan for the next 30 years.
- Continue to monitor the effectiveness of our 3 year major contracts – Reactive Repairs, Gas Servicing, Environmental Maintenance and Stair Cleaning.
- To support our Stables Nursery subsidiary social enterprise company.
- To prepare for welfare reform changes introduced in 2013.
- To explore, for the medium term, uses for the Church building.
- To maintain our Gold Standard in Investors in People.
- To work towards achieving “Healthy Working Lives” Silver award level.
- To maximise funding to continue with the non housing regeneration in our area of operation.
- To support Cassiltoun Trust to achieve its objectives.
- To progress with the regeneration of Castlemilk Park including continuation of funding to extend the post of Community Woodlands Officer to beyond 2015.

Our Mission Statement

We aim to enhance the quality of life of our clients and to regenerate and sustain our community through housing-led and resident controlled initiatives.

Operational Review

Corporate Governance

Cassiltoun Housing Association has a Board of Management elected by the members of the Association. It is the responsibility of the Board to undertake the strategy, set policy, overall direction and monitor the operational activities of the Association and its subsidiary companies. The members of the Board of Management are unpaid.

As part of our commitment to continuous improvement we have once again set challenging targets, which are regularly monitored and reviewed by the Board of Management and Senior Management Team.

Our governing body is our Board of Management which is responsible to the wider membership. Board of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

All Board of Management members' receive training and there are 1 to 1 interviews between the Chief Executive and the Association's office bearers.

This report outlines the issues that have arisen during the year relating to the main activities undertaken by Cassiltoun Housing Association.

Performance Management

This year again we are delighted to report continuous improvement in many areas of our performance and excellent signs of stability in others. All our staff take part in the business review sessions and during our annual review day when we sign off and agree the 3 Year Internal Management Plan and 30 Year Business Plan. This has been underpinned by the use of clear planning support tools such as SMART planning, Operational Service Plan, Asset Management Plan and the Association's Financial Business Plans.

We introduced the fresh challenge of complying with the reporting requirements of the Social Housing Charter. A full review of the Associations recording and monitoring of the new Charter indicators was undertaken between March 2013 and July 2013. This supported the Board by providing independent advice which gave them assurance that appropriate action was being implemented to meet the Charters reporting requirements. The Association is looking forward to working with the Tenants and Residents Focus group set up in 2013 to assist us comply with future Charter requirements including Tenants scrutiny and involvement producing the Charter report to tenants.

We have demonstrated that the shared goals that are understood by all our people allows us to improve as an organisation, which will ultimately lead to our tenants receiving the best housing service possible combined with other activities and non-housing services that the association delivers with its partners.

We receive very few complaints of a serious nature and we take prompt action to resolve and learn from those received.

Best use of resources

A review of the Risk Policy and Risk Register was undertaken during the year to ensure that the Association is prepared to mitigate risks that exist now or may arise in the future and we continue to focus on our business plan objectives in our fifth full year after stock transfer.

The Association remains a "Gold Standard Investors in People" organisation and we remain committed to carrying out a further 2013/14 review of our Values, Vision and Mission. This process started in January 2013 and is scheduled to be complete by June 2014. Our ongoing performance, future improvements and strong customer focus depends on a highly motivated and well trained staff team and we believe our performance, high levels of tenant satisfaction and attendance management demonstrates this. Investment in our staff team is critical to our success.

A new staff structure was approved by the Board and implemented on the 1st April 2014. We anticipate further reviews in future depending on the success of funding bids being made to combat the risk of welfare reform.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

The procurement of our reactive repairs, via partnership working with one main contractor, has been successful for the fifth year in succession. Tenant satisfaction levels have been maintained or improved. Importantly the Association's tenants have continued to play a critical role in monitoring performance. Tenant satisfaction levels are consistently high with performance levels between 99% and 100% regularly achieved.

During the year we completed 3,977 repairs, an increase of 750 from the year prior. The table below summarises our targets, repair type and performance.

CATEGORY	TARGET	NUMBER	COMPLETED ON TIME	% COMPLETED WITHIN TIME
Emergency	2 hours	369	369	100.0%
Urgent and Routine	3 days / 10 days	3,608	3,595	99.6%

In terms of other performance areas that we are particularly pleased about, our void management performance is once again worthy of note. The Association set a target of 0.35% void rent loss (£12k) which was achieved again demonstrating our commitment to business efficiency. The Association is aware that having a strong base will help us mitigate in ongoing impact of Welfare Reform. Our scenario planning includes a void rent loss assumption of 2%, which in monetary terms means we are anticipating future rental income assumptions 7 times greater than current performance.

The Association's arrears management faced a number of challenges although performance managed to stay within the target and only marginally increased from the previous year despite the risks posed by welfare reform.

Gross target was **7.0%**
Gross performance was **4.4%**

Realistic and challenging new targets have been set for the next financial year 2014/15 as the Association intends to ensure that welfare reform impact is minimised and tenants are supported through the changes.

The Association prioritised the emerging risks associated with the Welfare Reform changes by increasing staffing resources to assist tenants and to cope with the associated additional work load. We believe our approach has helped to maintain good performance and mitigate this risk.

Following on from the previous year we believe that sustained performance has been achieved against a backdrop of business growth, staffing restructure and organisational change. The current economic down turn has continued to focus the Boards attention on achieving better value for money and achieving greater efficiencies. This is supported by continuous monitoring to ensure that our key targets are met and also to allow us to take corrective action should the Association encounter unplanned trends or changes that may adversely affect it. The Association's overall performance demonstrates that the Board has a successful strategy in place to achieve its aims and it continues to prepare for the future impact and risks that welfare reform changes will have on our business. We will continue to support tenants throughout the introduction of Universal Credit to help minimise risks for tenants and the Association. As a result of a successful 5 year Big Lottery bid in partnership with Craigdale Housing Association a new welfare team consisting of a Welfare Rights Officer, Money Advice Officer and Advice Assistant will be in place from April 2014 further demonstrating our long term strategy to combat the risks facing our tenants and our business.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2014

Like every other housing association and local authority with housing stock, the Association has ensured that its properties meet the “Scottish Housing Quality Standard“ in advance of the deadline of 2015. This has been independently verified and is excellent news for our tenants and for our long term financial forecasting.

Development and Wider Role / Regeneration Activities

Although we have not developed any new homes this year we were able to be creative when an opportunity arose to convert a five bedroom maisonette property into two one bedroom flats. Both flats were allocated to tenants affected by the bedroom tax. The total cost of the conversions was £88k and grant funding of 46% was received.

The Association secured a mix of funding totalling £155k to help us deliver a wide range of activities with a variety of partners. These have included: the employment of a Community Woodland Officer to deliver a range of events in the woodlands including archaeological digs, health walks and educational programmes; employment programmes both in the woodlands and within the housing association; an older persons art programme; work with Glasgow museums, IT and literacy programmes and our gardening project for both child and adult volunteers.

This year the Association has continued to develop its subsidiary business, Cassiltoun Stables Nursery. This year the nursery developed its successful Forest Kindergarten programme and although this has been a challenging year the nursery has significantly increased the number of children registered, created additional local employment and generated income.

The Association has organised many tenant activities throughout the year including:-

- Family trip to Heads Of Ayr and Christmas pantomime
- Summer Bus Trip and Autumn Theatre Trip for over 40s
- Teddy Bears Picnic and Gala Day
- Easter Hunt in the woodlands

Like previous years these activities have been well attended by hundreds of local people and they support community spirit. It gives people the opportunity to socialise, make new friends, meet their neighbours and spend time relaxing and having fun.

Operations

Again like previous years we continued to make further improvements to our operational performance through the ongoing integration of service provision, which was underpinned by our robust “Operation Service Plan”. Our staff have clear targets and operational objectives to achieve, these targets and objectives are regularly monitored by the Senior Management Team and Board of Management.

Feedback from tenants remains positive with regular high levels of overall satisfaction being identified from satisfaction surveys.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Business Continuity Plan

The Board has a combined plan with robust procedures in place to deal with disasters and any severe business interruptions.

In recent years the Board has become more concerned over business interruption, service delivery and health and safety during the severe winter weather and heavy snow. In November 2010 it was agreed to invest resources to combat office closure and maintain service delivery by purchasing two 4x4 cars that could operate safely in very bad weather and allow the office to be kept open. The Business Continuity Plan is reviewed annually.

The extreme weather experienced in recent winters was not repeated locally this year and no business interruption was experienced.

Performance Review

The Board carries out two major strategic performance reviews each year to ensure that our Strategic and Operational Objectives are carefully monitored. The Association uses a traffic light monitoring system to quickly identify any sign that a set objective may not be achieved. At the end of the year we were pleased that 12 of our 13 objectives were achieved or making considerable progress with no concern. One of our objectives to “Achieve Healthy Working Lives Silver Award” was not achieved by March 2014 however the board revised the timescale and included this objective in the 2014/15 plan.

The Association’s internal auditor reviewed the two areas of welfare reform and our regulatory framework concluding that substantial assurance was in place for both.

Policies and Procedures

The Board approves policy and procedures on a 3 year rolling basis unless changes in guidance or legislation enforce earlier reviews. The Association has over 70 different policies and procedures that provide the necessary guidance on how it runs and manages its business in accordance with these procedures and rules.

Credit Payment Policy

The Association’s policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is 18 days from receipt of invoice, via a weekly payment run.

Rental Income

The Association's Rent Policy is a points system based on the size, type and facilities of the provided accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association’s properties.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Budgetary Process

Each year the Board of Management approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through monthly reporting to Senior Management Team and quarterly reporting to the Board of variances from the budget and updated forecasts for the year, together with information on key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due. Excess balances are placed on short term deposit.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2014 the Association has a mix of 53% long term fixed and 47% variable rate finance.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chief Executive.

General Reserves

During the year an amount of £725,611 has been transferred from the Revenue Reserves to a new designated reserve for the Past Service Deficit on the Scottish Housing Association Pension Scheme (SHAPS). These funds are held to provide the future liability. The amount transferred equals the Net Present Value of the past service deficit currently estimated to be repaid over the next 12 years.

Board of Management

The Board of Management of Cassiltoun Housing Association during the year to 31 March 2014 was as follows:

Mrs Teresa Sadler	Chair	
Mrs Anne M Stuart MBE	Vice-Chair	
Mrs Christine Miller	Secretary	(resigned 22 May 2013)
Mr George Kelly	Treasurer	
Mrs Anne Buchanan		(resigned 16 Sept 2013)
Ms Evelyn Ferguson		
Mrs Teresa McGowan		
Mr Adam Milligan		
Mrs Jean White		
Mr Robert Brennan		(joined 19 August 2013)
Mr William Craig		(joined 19 August 2013)

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Board of Management (contd.)

Sub-committee membership	4	Finance & General Purposes
	7	Staffing
	5	Development & Wider Role
	7	Operations
	4	Audit

Each member of the Board of Management holds one fully paid share of £1 in Cassiltoun Housing Association. The executive officers of Cassiltoun Housing Association hold no interest in its share capital and although not having the legal status of “director” they act as executives within the authority delegated by the Board.

Directors

The Director of Cassiltoun Housing Association during the year to 31 March 2014 was as follows:

Mr Charlie Millar Chief Executive

Information for Auditors

As far as the Board members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

The audit was put out to competitive tender in May 2014 and the Board will be recommending the appointment of Scott-Moncrieff to the members at the AGM. Baker Tilly UK Audit LLP are thanked for their work over the past years.

By order of the Board of Management

Secretary: 

Date: 25 June 2014

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

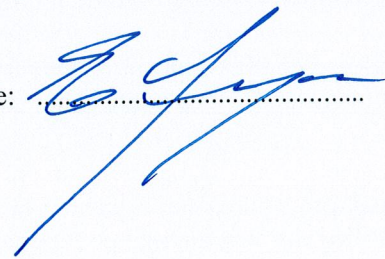
The Industrial and Provident Societies Acts 1965 to 2002 require the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on Internal Financial Control.

The Board of Management is responsible for proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Board of Management must ensure that the Financial Statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board of Management

Name:



Date: 25 June 2014

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT ON INTERNAL FINANCIAL CONTROL

The Board of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:-

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board of Management to monitor the key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;
- the Board of Management receive reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board of Management have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2014 and until the below date. The system of internal financial control will ensure that there are no known material losses, contingencies or uncertainties which would require disclosure in the financial statements or in the Auditors' Report on the financial statements.

By order of the Board of Management

Name: 

Date: 25 June 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CASSILTOUN HOUSING ASSOCIATION LIMITED

We have audited the Financial Statements of Cassiltoun Housing Association Limited for the year ended 31 March 2014 on pages 16 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Housing Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Housing Association's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Board of Management and Auditors

As explained more fully in the Board of Management's Responsibilities Statement set out on page 14, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

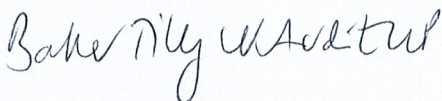
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - April 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.



BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: 26th June 2014

CASSILTOUN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Turnover	2	3,707,967	3,594,764
Operating Costs	2	<u>2,962,140</u>	<u>2,466,105</u>
Operating Surplus		745,827	1,128,659
Surplus / (Deficit) on Sales of Fixed Assets	4	89,907	(8,625)
Interest Receivable		37,325	58,223
Other Finance (Cost) / Income	20	(1,000)	4,000
Interest Payable	7	<u>(310,526)</u>	<u>(331,051)</u>
Surplus on Ordinary Activities before Taxation	8	561,533	851,206
Tax on Surplus on Ordinary Activities	9	-	-
Surplus for the Year	15	<u><u>561,533</u></u>	<u><u>851,206</u></u>

All amounts relate to continuing activities.

CASSILTOUN HOUSING ASSOCIATION LIMITED
STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
Surplus for the year		561,533	851,206
Actuarial loss on pension scheme	20	<u>(73,000)</u>	<u>(82,000)</u>
Total surplus recognised since the last annual report		<u>488,533</u>	<u>769,206</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

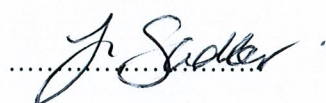
BALANCE SHEET

AS AT 31 MARCH 2014

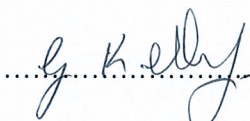
	Notes	2014		2013	
		£	£	£	£
TANGIBLE FIXED ASSETS					
Housing Properties – Cost less Depreciation	10(a)		39,888,496		40,033,663
Less: Social Housing Grant	10(a)	(29,819,263)		(29,862,173)	
Other Public Grants	10(a)	<u>(272,443)</u>		<u>(272,443)</u>	
			<u>(30,091,706)</u>		<u>(30,134,616)</u>
			9,796,790		9,899,047
Other Fixed Assets	10(b)		413,520		421,267
			<u>10,210,310</u>		<u>10,320,314</u>
CURRENT ASSETS					
Debtors	11	282,756		266,312	
Cash at Bank and in Hand		3,326,340		3,021,579	
		<u>3,609,096</u>		<u>3,287,891</u>	
CREDITORS – Amounts falling due within one year	12	<u>(700,475)</u>		<u>(717,361)</u>	
NET CURRENT ASSETS			<u>2,908,621</u>		<u>2,570,530</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			13,118,931		12,890,844
CREDITORS – Amounts falling due after more than one year	13		(8,162,293)		(8,501,569)
Pension Liability	20		(198,000)		(119,000)
NET ASSETS			<u>4,758,638</u>		<u>4,270,275</u>
CAPITAL AND RESERVES					
Share Capital	14		357		527
Designated Reserves	15		1,255,371		456,760
Revenue Reserves	15		3,502,910		3,812,988
			<u>4,758,638</u>		<u>4,270,275</u>

These financial statements were approved by the Board of Management and authorised for issue on 25 June 2014 and signed on their behalf by:

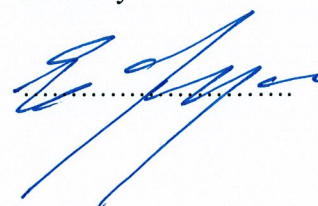
Chairperson



Treasurer



Secretary



CASSILTOUN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014		2013	
		£	£	£	£
Net Cash Inflow from Operating Activities	16(a)		1,212,460		1,247,519
Returns on Investments and Servicing of Finance					
Interest Received		37,325		58,223	
Interest Paid		<u>(310,526)</u>		<u>(331,051)</u>	
			(273,201)		(272,828)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(458,282)		(1,036,825)	
Purchase of Other Fixed Assets		(31,897)		(156,678)	
Grants Received		62,404		360,666	
Proceeds on Disposal of Properties		<u>156,706</u>		<u>-</u>	
			<u>(271,069)</u>		<u>(832,837)</u>
Net Cash inflow before use of Liquid Resources and Financing			668,190		141,854
Financing					
Loan Principal Repayments		(353,450)		(314,552)	
Issue of Loan to Subsidiary		(10,000)		(90,000)	
Share Capital Issued		<u>21</u>		<u>34</u>	
			<u>(363,429)</u>		<u>(404,518)</u>
Increase / (Decrease) in Cash			<u>304,761</u>		<u>(262,664)</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1. PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Conduct Authority. The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting for Registered Social Landlords and on the historical cost basis. They also comply with the Determination of Accounting Requirements – April 2012 and The Statement of Recommended Practice (SORP) “Accounting by Registered Social Housing Providers, Update 2010”. A summary of the more important accounting policies is set out below.

(a) Going Concern

The Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Financial Statements.

(b) Group Accounts

In relation to Cassiltoun Trust, the Housing Association has obtained exemption from The Financial Conduct Authority from producing consolidated Financial Statements as provided by Section 14 (2A) of the Friendly and Industrial and Provident Societies Act 1968. In terms of Cassiltoun Stables Nursery Limited consolidated Financial Statements are not prepared on the grounds of immateriality. The Financial Statements for Cassiltoun Housing Association Limited present information about it as an individual undertaking and not about its Group.

(c) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from local authorities and other agencies.

(d) Fixed Assets - Housing Land and Buildings (note 10)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end. Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not excessive. If expenditure does not qualify for HAG, it is nevertheless capitalised. Expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the scheme will not be developed to completion. Interest on any loan financing the development is capitalised up to the relevant date of completion.

(e) Sales Of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

1. PRINCIPAL ACCOUNTING POLICIES (contd.)

(f) Depreciation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 60 years
Roofs	Over 45 years
Electrical Wiring	Over 30 years
Windows	Over 25 years
Bathrooms	Over 20 years
Kitchens	Over 15 years
Heating (boilers and radiators)	Over 15 years

(g) Depreciation of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates;

Office Premises	2%	Furniture	20%
Leasehold Property	4%	Fixtures & Fittings	20%
Freehold Property	10%	Vehicles	25%
Land	Nil	Computer Equipment	20%

(h) Social Housing Grant and Other Grants in Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates. Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

(i) Capitalisation of Major Repairs Expenditure

The Association capitalises major repairs expenditure where these works are a replacement or restoration of a separate identifiable component or where the works result in an enhancement of economic benefits of the tangible fixed assets. Such enhancement can occur if the improvements result in an increase in rental income, a reduction in future maintenance costs or a significant extension to the life of the component.

Works which fail to meet the above criteria are charged to the Income and Expenditure account.

(j) Capitalisation of Development Overheads

Directly attributable external development costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

1. PRINCIPAL ACCOUNTING POLICIES (Contd.)

(k) Impairment of Fixed Assets

Reviews for impairment of fixed assets are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Income and Expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

(l) Designated Reserves

A designated reserve has been set aside to cover the net present value of the Association's liability under the SHAPS pension scheme in relation to contributions towards the past service deficit.

(m) Retirement Benefits

The Housing Association participates in The Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Housing Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The Association has fully adopted accounting standard FRS17 'Retirement Benefits' in respect of the pension obligations accruing for staff under a Local Government Pension Scheme (see note 20). The impact of this standard has been reflected throughout the financial statements. For defined benefit schemes the amount charged to the Income and Expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Deficits and Surpluses.

Defined benefit schemes are funded, with the assets held separately from the association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2014			2013		
		Turnover £	Operating Costs £	Operating Surplus/(Deficit) £	Turnover £	Operating Costs £	Operating Surplus/(Deficit) £
Social Lettings	3a	3,566,117	2,558,507	1,007,610	3,486,591	2,175,525	1,311,066
Other Activities	3b	141,850	403,633	(261,783)	108,173	290,580	(182,407)
TOTAL		<u>3,707,967</u>	<u>2,962,140</u>	<u>745,827</u>	<u>3,594,764</u>	<u>2,466,105</u>	<u>1,128,659</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

3a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTINGS

	General Needs Housing £	Shared Ownership £	2014 £	2013 £
Social lettings				
Rent receivable net of identifiable service charges	3,554,861	9,989	3,564,850	3,482,619
Service Charges Receivable	11,244	2,064	13,308	13,070
Gross Income from Rents and Service Charges	3,566,105	12,053	3,578,158	3,495,689
Less: Rent Losses from Voids	(12,041)	-	(12,041)	(9,098)
Total Turnover from Social Letting Activities	3,554,064	12,053	3,566,117	3,486,591
Operating costs				
Management & maintenance administration costs	1,058,460	5,143	1,063,603	1,022,912
Service costs	14,659	-	14,659	13,802
Planned and cyclical maintenance including major repairs	503,616	-	503,616	292,905
Reactive maintenance	510,078	2,479	512,557	408,259
Bad debts – rent and service charges	32,501	-	32,501	16,941
Depreciation of social housing	431,344	227	431,571	420,706
Operating Costs for Social Letting Activities	2,550,658	7,849	2,558,507	2,175,525
Operating Surplus for Social Lettings	1,003,406	4,204	1,007,610	1,311,066
Operating Surplus for Social Lettings 2013	1,305,232	5,834	1,311,066	

There is no other accommodation except for general needs and shared ownership housing.

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ nil, (2013: £ nil).

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus / (deficit)</i>	<i>2013</i>
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	47,883	-	11,566	59,449	-	281,093	(221,644)	(124,374)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	63,494	63,494	-	67,968	(4,474)	(11,785)
Development and construction activities	2,865	-	-	-	2,865	-	-	2,865	(11,922)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	16,042	16,042	-	54,572	(38,530)	(34,326)
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Total from other activities	2,865	47,883	-	91,102	141,850	-	403,633	(261,783)	(182,407)
2013	4,180	41,355	-	62,638	108,173	5,031	285,549	(182,407)	(182,407)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

4. SURPLUS ON SALE OF FIXED ASSETS

	2014 Total £	2013 Total £
Proceeds on sale of property and components	156,706	-
Net Book Value of assets at time of sale	<u>(66,799)</u>	<u>(8,625)</u>
	<u>89,907</u>	<u>(8,625)</u>

5. DIRECTORS' EMOLUMENTS

The Directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the Chief Executive or the Board of Management whose total emoluments exceed £60,000 per year. There was one members of staff whose emoluments exceeded £60,000 per year. No emoluments were paid to any member of the Board of Management during the year.

	2014 £	2013 £
Aggregate emoluments payable to Directors (excluding pension contributions)	<u>210,089</u>	<u>154,161</u>
Aggregate pensions payable to Directors	<u>44,242</u>	<u>29,002</u>
Emoluments payable to highest paid Director (excluding pension contributions)	<u>84,079</u>	<u>82,449</u>
Total expenses reimbursed insofar as not chargeable to UK Income Tax	<u>-</u>	<u>-</u>

The Housing Association's pension contributions for the Chief Executive in the year amounted to £18,156 (2013 - £16,113).

	2014 Number	2013 Number
Total Emoluments		
£80,001 - £90,000	1	1
£70,001 - £80,000	-	1
£60,001 - £70,000	2	-

The Association uses two 4x4 company vehicles to assist providing services during severe winter weather and maintaining operations. The personal taxation is reimbursed by the Association to the two staff.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

6. EMPLOYEE INFORMATION

	2014	2013
	Number	Number
The average full time equivalent number of persons employed by the Association were as follows;		
Administration and maintenance	<u>20.5</u>	<u>18.6</u>
Staff costs were:	£	£
Wages and Salaries	678,952	622,336
Social Security Costs	56,584	54,378
Other Pension Costs	<u>127,935</u>	<u>114,506</u>
	<u>863,471</u>	<u>791,220</u>

7. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans and Overdrafts	310,526	331,051
Interest capitalised	<u>-</u>	<u>-</u>
	<u>310,526</u>	<u>331,051</u>

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

Surplus on Ordinary Activities before Taxation is stated after charging:-

Depreciation - Tangible Owned Fixed Assets	470,986	456,081
Auditors' Remuneration - Audit Services	8,770	8,436
- Other Services	<u>-</u>	<u>-</u>

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association was granted charitable status with effect from 18 May 2004 and no tax now arises on its charitable activities.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

10. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
Cost				
At 1 st April 2013	43,472,264	-	237,669	43,709,933
Additions	458,282	-	-	458,282
Disposals	(381,971)	-	-	(381,971)
Transfer to held for letting	-	-	-	-
At 31 st March 2014	<u>43,548,575</u>	<u>-</u>	<u>237,669</u>	<u>43,786,244</u>
Social Housing Grant				
At 1 st April 2013	29,635,858	-	226,315	29,862,173
Additions	62,404	-	-	62,404
Disposals	(105,314)	-	-	(105,314)
Transfer to held for letting	-	-	-	-
At 31 st March 2014	<u>29,592,948</u>	<u>-</u>	<u>226,315</u>	<u>29,819,263</u>
Other Grants				
At 1 st April 2013	272,443	-	-	272,443
Transfer to held for letting	-	-	-	-
At 31 st March 2014	<u>272,443</u>	<u>-</u>	<u>-</u>	<u>272,443</u>
Depreciation				
At 1 st April 2013	3,670,966	-	5,304	3,676,270
Charge for year	431,344	-	227	431,571
On disposals	(210,093)	-	-	(210,093)
At 31 st March 2014	<u>3,892,217</u>	<u>-</u>	<u>5,531</u>	<u>3,897,748</u>
Net Book Values				
As at 31 st March 2014	<u>9,790,967</u>	<u>-</u>	<u>5,823</u>	<u>9,796,790</u>
As at 31 st March 2013	<u>9,892,997</u>	<u>-</u>	<u>6,050</u>	<u>9,899,047</u>

Additions to housing properties during the year includes capitalised administration costs of £ nil, (2013 - £ nil). All housing properties are freehold.

The Association would not be able to sell its properties without the repayment of Social Housing Grant.

Total major repair costs during the year were £368,623 (2013: £92,106) of which £269,195 (2013: £75,807) was capitalised. Of the amount capitalised £247,227 (2013: £60,657) related to replacement of components and £21,968 (2013: £15,150) related to improvements.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

10. TANGIBLE FIXED ASSETS (Contd.)

b) Other Tangible Assets

	Freehold Property	Leasehold Property	I.T.	Furniture	Fixtures & Fittings	Vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 st April 2013	131,380	353,000	138,204	34,319	122,125	39,995	819,023
Additions	-	-	27,023	1,850	3,024	-	31,897
Disposals	-	-	(21,930)	(1,698)	-	-	(23,628)
At 31 st March 2014	<u>131,380</u>	<u>353,000</u>	<u>143,297</u>	<u>34,471</u>	<u>125,149</u>	<u>39,995</u>	<u>827,292</u>
Depreciation							
At 1 st April 2013	36,380	84,720	110,787	33,641	117,231	14,997	397,756
Charge for year	3,000	14,120	12,226	425	4,645	4,999	39,415
Removed on disposal	-	-	(21,701)	(1,698)	-	-	(23,399)
At 31 st March 2014	<u>39,380</u>	<u>98,840</u>	<u>101,312</u>	<u>32,368</u>	<u>121,876</u>	<u>19,996</u>	<u>413,772</u>
Net Book Values							
At 31 st March 2014	<u>92,000</u>	<u>254,160</u>	<u>41,985</u>	<u>2,103</u>	<u>3,273</u>	<u>19,999</u>	<u>413,520</u>
At 31 st March 2013	<u>95,000</u>	<u>268,280</u>	<u>27,417</u>	<u>678</u>	<u>4,894</u>	<u>24,998</u>	<u>421,267</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

11. DEBTORS - Amounts receivable within one year:-

	2014	2013
	£	£
Arrears of Rent and Service Charges	117,988	116,038
Less: bad debt provision	<u>(18,689)</u>	<u>(17,033)</u>
	99,299	99,005
Prepayments	12,347	13,159
Other Debtors	<u>71,110</u>	<u>64,148</u>
	182,756	176,312
- Amounts receivable after one year		
Loan to subsidiary undertaking	<u>100,000</u>	<u>90,000</u>
	<u>282,756</u>	<u>266,312</u>

12. CREDITORS - Amounts falling due within one year:-

	2014	2013
	£	£
Bank Overdraft	-	610
Housing Loans (note 13)	304,910	319,084
Trade Creditors	145,446	92,209
Other Taxation and Social Security	18,057	15,009
Accruals and Deferred Income	17,792	84,178
Rent in Advance	210,000	171,726
Other Creditors	<u>4,270</u>	<u>34,545</u>
	<u>700,475</u>	<u>717,361</u>

13. CREDITORS - Amounts falling due after more than one year:-

Housing Loans	<u>8,162,293</u>	<u>8,501,569</u>
---------------	------------------	------------------

Housing Loans are secured by specific charges on the Housing Association's housing properties and are repayable at rates of interest of 1.0% to 6.4% (2013: 1.0% to 6.4%) in instalments, due as follows:-

	2014	2013
	£	£
Within one year (note 12)	304,910	319,084
Between one and two years	314,630	326,950
Between two and five years	1,006,988	1,032,373
In five years or more	<u>6,840,675</u>	<u>7,142,245</u>
	8,467,203	8,820,652
Less: Amount shown in Current Liabilities	<u>(304,910)</u>	<u>(319,084)</u>
	<u>8,162,293</u>	<u>8,501,569</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

14. SHARE CAPITAL

	2014 £	2013 £
Shares of £1 each Issued and Fully Paid		
At 1 st April	527	508
Issued in year	21	34
Forfeited in year	<u>(191)</u>	<u>(15)</u>
	<u>357</u>	<u>527</u>

Each member of the Housing Association holds one share of £1 in the Housing Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Housing Association. Each member has a right to vote at members' meetings.

15. RESERVES

	2014 £	2013 £
(a) Designated Reserves – Pension Reserve		
At 1 st April	456,760	456,760
Transfer from Revenue Reserve	<u>798,611</u>	-
At 31 st March	<u>1,255,371</u>	<u>456,760</u>

The amount transferred to the Pensions Reserve equals the net present value of the past service deficit of the SHAPS scheme payable over the next 10 years.

	2014 £	2013 £
(b) Revenue Reserves		
At 1 st April	3,812,988	3,500,542
Surplus for the year	561,533	851,206
Actuarial loss recognised	(73,000)	(82,000)
Transfer to Designated Reserve	<u>(798,611)</u>	<u>(456,760)</u>
At 31 st March	<u>3,502,910</u>	<u>3,812,988</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

16. CASH FLOW STATEMENT

(a) Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities	2014	2013	
	£	£	
Surplus for year	561,533	851,206	
Net interest paid	273,201	272,828	
	834,734	1,124,034	
Other finance cost / (income)	1,000	(4,000)	
Defined benefit operating profit charge less contribution paid	5,000	(5,000)	
Depreciation	470,980	492,461	
(Gain) / loss on sale of fixed assets	(89,907)	8,625	
(Increase) in debtors	(3,581)	(52,415)	
(Decrease) in creditors	(5,575)	(316,171)	
Share Capital forfeited	(191)	(15)	
Net Cash Inflow from Operating Activities	1,212,460	1,247,519	
(b) Reconciliation of Net Cash Flow to Movement in Net Debt	2014	2013	
	£	£	
Increase / (decrease) in cash in the year	304,761	(262,664)	
Cash outflow from decrease in debt finance	353,450	314,552	
Change in net debt	658,211	51,888	
Net debt at 1 st April	(5,799,074)	(5,850,962)	
Net debt at 31 st March	(5,140,863)	(5,799,074)	
(c) Analysis of Changes in Net Debt	1.04.13	Cash Flows	At 31.03.14
			£
Cash at Bank and in Hand	3,021,579	304,761	3,326,340
Debt due within one year	(319,084)	14,174	(304,910)
Debt due after one year	(8,501,569)	339,276	(8,162,293)
Total	(5,799,074)	658,211	(5,140,863)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31 MARCH 2014

17. HOUSING STOCK

	2014	2013
	Number	Number
The number of units of accommodation in management At the year end was:		
General Needs - New Build	206	208
- Rehabilitation	783	785
Shared Ownership	5	5
Supported	40	40
	<u>1,034</u>	<u>1,038</u>

18. CAPITAL COMMITMENTS

	£	£
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>754,111</u>	<u>154,000</u>

This will be financed from cash balances.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE YEAR ENDED 31 MARCH 2014

19. RETIREMENT BENEFIT OBLIGATIONS

General

Cassiltoun Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the "Scheme") which is funded and is contracted out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed at 30 September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £394 million. The valuation showed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The scheme actuary has prepared an Actuarial Report that provides an approximate update on the funding position as at 30 September 2013. This report is required by legislation for years in which a full valuation is not carried out. It revealed an increase in the assets of the scheme to £470 million and indicated a decrease in the shortfall of assets to liabilities of £272 million, equivalent to a past service funding level of 63%.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Cassiltoun Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SHAPS scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for the Housing Association was £2,786,559 with the past service deficit contributions payable for the year to 31 March 2015 being £121,981.

The past service deficit contribution is currently due to increase by 3.0% per annum. This equates to a net present value of £1,255,371, for which an equivalent amount has been transferred from revenue reserves to designated reserves in order to provide for future liability. This amount may be subject to change following the results of the next valuation.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE YEAR ENDED 31 MARCH 2014

19. RETIREMENT BENEFIT OBLIGATION (cont'd)

General

The Scottish Housing Association Pension Scheme is a multi-employer defined benefit scheme. The Scheme offers five benefit structures to employers, namely:

- Final Salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any given time. An open benefit structure is one which new entrants are able to join.

Cassiltoun Housing Association has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2012 and the same benefit structure for any new entrants. During the accounting period the Housing Association effectively paid contributions at the rate of 22.1% of pensionable salaries. Member contributions were 9.4%.

As at the balance sheet date there were 11 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £399,556. Cassiltoun Housing Association continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – non pensioners	3.4
– pensioners	3.4
Rate of salary increases	4.1
 Rate of pension increases	
- pension accrued pre 6 April 2005	2.9
-pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6
 Mortality Tables	
Non-pensioners and pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
 Contribution Rates for Future Service (from 1 April 2014)	%
Final Salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4
 Additional rate for deficit contributions	 10.4

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE YEAR ENDED 31 MARCH 2014

20. Defined Benefit Obligation

The Association is a member of the Local Government Pension Scheme (LGPS). The disclosure for the LGPS is as follows:

Local Pension Disclosure

The last full Actuarial valuation was carried out as at 31 March 2013. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2014 using the following assumptions.

Actuarial assumptions	2014	2013
Rate of increase in salaries	5.2%	5.1%
Expected return on assets	6.0%	5.2%
Discount rate	4.3%	4.5%
Inflation assumption	2.9%	2.8%

Post retirement mortality

In valuing the liabilities of the pension fund at 31 March 2014, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity.

The assumptions are equivalent to expecting a 65-year old to live for a further number of years as follows:

current pensioner	21.0 years (male), 23.4 years (female)
a future retiree	23.3 years (male), 25.3 years (female)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£	£
Present value of funded obligations	(984,000)	(813,000)
Fair value of plan assets	786,000	694,000
Net (Liability)	(198,000)	(119,000)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE YEAR ENDED 31 MARCH 2014

20. Defined Benefit Obligation (cont'd)

Changes in the present value of the defined benefit obligation are as follows:

Defined Benefit Plans	2014	2013
	£	£
Opening defined benefit obligation	813,000	612,000
Service cost	39,000	27,000
Past service (gain) / cost	-	-
Member Contributions	10,000	9,000
Interest cost	38,000	30,000
Actuarial losses	85,000	136,000
Benefits paid	(1,000)	(1,000)
Closing defined benefit obligation	984,000	813,000

Changes in the fair value of plan assets are as follows:

Defined Benefit Plans	2014	2013
	£	£
Opening plan assets	694,000	566,000
Expected return on assets	37,000	34,000
Actuarial gains	12,000	54,000
Contributions by employer	34,000	32,000
Contributions by members	10,000	9,000
Benefits paid	(1,000)	(1,000)
Closing plan assets	786,000	694,000

The amounts recognised in profit and loss account are as follows:

	2014	2013
	£	£
Current service cost	(39,000)	(27,000)
Past service gain / (cost)	-	-
Interest on obligation	(38,000)	(30,000)
Expected return on plan assets	37,000	34,000
Total	(40,000)	(23,000)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE YEAR ENDED 31 MARCH 2014

20. Defined Benefit Obligation (cont'd)

Changes in the amounts recognised in the statement of total recognised gains and (losses) are as follows:

	2014	2013
	£	£
Opening cumulative STRGL	(245,000)	(163,000)
Actuarial losses	(73,000)	(82,000)
	(318,000)	(245,000)

The major categories of plan assets as a percentage of total assets are as follows:

	2014	2013
Equities	76%	76%
Properties	7%	7%
Bonds	12%	14%
Cash	5%	3%
	100%	100%

The history of experience gains and losses is as follows:

	2014	2013
Difference between expected and actual return on scheme assets £'000	12	54
Percentage of scheme assets	1.5%	3.5%
Experience (loss) / gain arising on scheme liability £'000	-	-
Percentage of scheme liabilities	0.0%	0.0%
Total amount of actuarial (loss) / gain £'000	(73)	(82)
Percentage of scheme liability	(7.4%)	(10.1%)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE YEAR ENDED 31 MARCH 2014

21. SUBSIDIARY UNDERTAKINGS

The Housing Association has two subsidiaries; Cassiltoun Stables Nursery Ltd and Cassiltoun Trust.

The Housing Association is the sole member of Cassiltoun Trust, a charitable company limited by guarantee. Three members of the Housing Association are Directors of the Trust.

During the year management fees totalling £6,800 (2013: £7,920) were charged from the Housing Association to Cassiltoun Trust. At the year end £ nil (2013: £ nil) was due to the Housing Association from the Trust.

Office space was rented during the year from Cassiltoun Trust totalling £11,860 (2013: £11,456). In 2014 the Trust made a surplus of £18,374 (2013: £1,227 deficit) and had reserves of £107,297 (2013: £90,381).

The Stables Nursery is a company limited by guarantee and formed in July 2012. Its sole member is Cassiltoun Housing Association. Three members of the Housing Association are Directors of the Nursery.

In October 2012 the Housing Association made available a loan of £100,000 to Cassiltoun Stables Nursery at normal commercial rates. During the year the final £10,000 was drawn down leaving £100,000 owed at the year end. Interest of £4,463 (2013: £1,238) is charged on the loan being at the rate of Bank of England base + 4%. Non repayable grants were provided over the course of the year totalling £88,000. Management fees totalling £5,150 (2013: £6,000) was charged by the Housing Association to the Stables Nursery. At the year end £ nil (2013: £1,238) was due to the Housing Association from the Nursery.

In 2014 the Stables Nursery made a trading deficit of £86,047 (2013: £82,653 deficit) before receiving the grant income of £88,000 noted above from Cassiltoun Housing Association and had reserves of £(80,700) (2013: (£82,653)).

22. RELATED PARTY TRANSACTIONS

Various members of the Board of Management are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.

23. CONTINGENT LIABILITIES

Housing Association Grant allocated to components (as detailed in Note 1 (h)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2014 was £105,314 (2013: £104,771).

There is also a contingent liability in relation to the Scottish Housing Association Pension Scheme and this has been fully detailed in Note 19.

